| 2 | 3 |
|---|---|
| 8 | I Division Clerks (Rs. 130-290) one each for the Taluks of Coondapur Udipi, Karkal, Mangalore, Buntwal, Puttur, Belthangady and Sullia. |
| 8 | II Division Clerks (Rs. 90-200) one each for the Taluks for Coondapur, Udipi, Karkal, Mangalore, Buntwal, Puttur, Belthangady and Sullia. |
| 32 | Peons (Rs.65-95) at the rate of one each to the Special Assistant Commissioner, Special Tahsildar, Revenue Inspector and I Grade Surveyor. |

N. B. SAKHARDANDE,
*Asst. Spl. Officer for L.R.and* Ex-officio
146 *Under Secy. to Govt. Revenue Department.*

## PUBLIC WORKS AND ELECTRICITY SECRETARIAT

ORDER No. PWD 26 PSP 69, BANGALORE, DATED 1ST JUNE 1974.

The Government of Karnataka are pleased to accord sanction to the Scheme of according State aid to mechanisation of the exiting sailing vessels and construction of new mechnised sailing vessels. For this purpose approval is accorded to the rules contained in the Annexure to this Order.

By Order and in the name of the Governor of Karnataka,

L. RAMACHANDRAIAH,
*Under Secretary to Government,*
*Public Works and Electricity Department.*

ANNEXURE

1. **Title and Commencement** .-(1) These rules may be called the Karnataka, State Aid to Sailing Vessels Mechanisation Rules 1973.

(2) They shall come into force at once.

2. **Aid to Sailing Vessels** .-Aid may be granted by the State Government in accordance with these rules for purposes of mechanisation of sailing vessels and construction of new mechanised sailing vessels of (approved modern designs) such designs as are approved by Government of India.

3. **Sailing vessels aid committee** :- (1) There shall be constituted by the State Government a Sailing Vessels Mechanisation Aid Committee (hereinafter in these rules referred to as the Committee) to discharge such functions as the State Government may from time to time assign to it.

(2) **The said Committee shall consist of the following** :

*Chairman*

(a) The Secretary to Government of Karnataka Public Works Department.

*Member*

(b) The Secretary to Government of Karnataka, Finance Department.
(c) The Director of Fisheries, Bangalore.
(d) The Director of Industries and Commerce, Bangalore.

*Member Secretary*

(e) The State Port Officer, Karnataka, Karwar.

4. **Eligibility** :- (1) Aid may be given under these rules.

(a) for mechanisation of a sailing vessel, if it
(i) is not less than fifty tonnes;
(ii) is in the opinion of the Direct or General of Shipping at Bomb... suitable for mechanisation; and

(b) for construction of a new sailing vessel, if

(i) the design conforms to one of the approved design prepared by the Director-General of Shipping at Bombay, or

(ii) The design in question has been individually approved by the Director-General of Shipping at Bombay,.

(2) (a) No person who is not an Indian Citizen, and not ordinarily resident whithin the State of Karnataka shall be eligible for the loan.

(3) No loan shall be advanced unless the borrower concerned, produces documentary evidence to show that he would be able to either obtain the engine indigenously or is able to secure the necessary import licence for importing the same from abroad.

5. **Application.**—Every application for loan under these rules shall be made to the State Port Officer, Karwar in the form prescribed in Schedule-I.

6. **Disposal of Applications.**—Every application for loan shall be disposed of by the Committee. The decision of the Committee shall be recorded in the form of a resolution stating whether the loan is granted or rejected, wholly or in part, and if the loan is granted wholly or in part, the resolution shall state the number of instalments, and the date on which instalments shall become due along with conditions which shall be fulfilled before payment is made.

7. **Meetings.**—(1) The Committee shall meet whenever necessary.

(2) All decisions of the Committee shall be by a majority of the votes of the members of the Committee present and voting in the event of a tie the Chairman shall exercise the casting vote.

(3) The Committee may call for, any further information from the Borrower as it may consider necessary.

(4) The proceedings of the meeting shall be recorded in a Minute Book to be kept for the purpose.

(5) The Committee may with the approval of the State Government frame its own rules for the conduct of its business.

8. **Maximum amount of loan:**—No loan exceeding 75 per cent of the cost of mechanisation or the Cost of constructing a new mechanised sailing vessel of a design duly approved by the Director-General of Shipping, Bombay shall be granted.

9. **Security.**—For every loan granted under these rules, the following security shall be furnished:-

(1) Mortgage of the Borrowers' vessel to be mechanised or constructed duly ensured by him for an amount which is not less than the loan advanced, and covering all risks and perils incidental to Marine Adventure.

(2) Mortgage of borrowers' lands and/or building or security of a surety and/or Bank Guarantees for the amount of the loan.

10. **Valuation certificate regarding securities.**—(1) The borrower shall produce the following certificates regarding the security offered, namely:-

(a) solvency certificate in respect of personal sureties from the Tahsildar?

(b) valuation certificate from the Deputy Commissioner of the District in the case of land;

(c) valuation certificate in the case of building, from the Executive Engineer in charge of buildings having jurisdiction over the area;

(d) valuation certificate from the port officials of the Karnataka State in the case of the vessel to be mechanised or constructed;

*Note* :— Certificates issued by a reputed firm of valuers or architects recognised by Government or the Assistant Director for valuation of machines.

(2) The borrower shall himself bear the cost of obtaining certificates.

(3) The applicant shall furnish a true declaration to the Officer concerned of any encumbrance or charge of any interest or claim by way of inharitance, gift, or otherwise howsoever to which the property to be valued is subject.

(4) The State Port Officer, Government of Kanataka, may at any time revalue the securities and in case the security taken has, in his opinion, become inadequate, require the borrower to furnish additional security;

(5) The Deputy Commissioner or the Executive Engineers incharge of building as the case may be having jurisdiction shall furnish to the State Port Officer, on a request made by him the encumbrance and valuation certificates required free of charge.

**11. Other Certificates.**—For the purpose of establishing claim to the title in respect of the property offered as security, certificates from the following may be accepted.

(*a*) Deputy Commissioner having jurisdiction over the area where the property is situated,

(*b*) Reputed firm of solicitors, recognised by Government for this purpose.

(2) The costs of optaining certficates from solicitors shall be borne by the applicant.

**12. Payment of Loan.**—(i) After the loan is sanctioned by Government the State Port Officer shall issue an order setting forth therein the conditions governing the grant of the loan, the arrangements for payment of the amount of the loan in one or more instalments according to the actual requirements of the borrower obtaining a bond in the form as at Schedule II from the applicant in respect of the loan on stamp paper of appropriate value.

(2) The borrower shall execute a deed of hypothecation, hypothecating the machanised vessel or the new vessel constructed in favour of the Government in the form prescribed in Schedule III.

(3) The borrower, shall produce satisfactory evidence to show the amount of loan advanced for mechanisation of sailing vessels or vessels or construction of new mechanised sailing vessel or vessels has been utilised within one month of its drawal for which it was sanctioned. He shall produce a certificate to this effect from the Port Officer having jurisdiction or any other officer authorised by the State Port Officer from time to time.

**13. Interest.**—(1) Every loan granted under these rules shall bear simple interest at the rate of 7% per annum, where the loan is repayable in a period exceeding four years but not exceeding nine years, and at the rate of 8% per annum where the loan is repayable over a period exeeeding nine years but not exceeding fifteen years. (2) The interest shall accrue from the date the amount of the loan is disbursed to the applicant. (3) In case all instalments are paid as soon as they become due, a consessional rate of 3 %per annum will be charged and the difference between the normal rate of interest and the conessinal rate of 3 per cent shall be granted by State Government as subsidy.

**14. Period of loan.**—Every loan shall be repayable within such period as may be specified in the order sanctioning the loan, provided that such period shall not in any case exceed six to fifteen years in the case of construction of new mechanised sailing vessel/vessels.

**15. Manner of repayment.**—The loan shall be repaid by half yearly instalments fixed in the order granting such loan provided that a borrower may repay a loan at an earlier date or in instalments of a larger amount than fixed in the

order granting the loan and the concession in the matter of interest as provided in rule 13 shall be available to the borrower in such case.

16. **Utilisation of the loan** .—Every loan granted under these rules shall be fully utilised for the purpose for which it is granted. The borrower shall satisfy the State Port Officer that the amount of loan has been so utilised by him. Failure to do so shall entail a breach of the conditions and the amount shall become due immediately.

17. **Other Conditions** .—(1) So long as the loan remains to be fully repaid, the borrower shall not in any way sell, assign, let or otherwise deal or part with the possession of the mechanised sailing vessel or vessels or any part or parts thereof remove the same from the place of installation except after notice to and with the prior approval of the State Port Officer.

(2) The borrower shall at all reasonable times allow the State Port Officer or any Gazetted Officer deputed by him, by general or special order in writing or any other person authorised in this behalf by the State Government to inspect the vessel or vessels mechanised or purchased from the loan granted under these rules, and allow free ingress and ingress wherever the vessel is kept for whatsoever purpose.

(3) Immediately on mechanisation of existing sailing vessel or vessels or construction of new mechanised sailing vessels, the borrower shall effect insurance in respect of it taking out a comprehensive risk Insurance Policy against loss or damage by accident, external means, fire, external explosion, selfignition, lighting burglary, house breaking theft or malicious act., The full value of insurance shall be borne by the borrower and the policy of insurances shall be assigned in favour of the State Port Officer. The borrower shall also pass a letter to such competent authority as may be directed by the State Port Officer authorising that in the event of any payment being made to the insurer in pursuance of the operation of the policy, it should be paid to the State Port Officer to whom the said insurance Policy is assigned by the insurer.

(4) The borrower shall punctually pay all taxes, licence or other fees, payable in respect of the sailing vessels and shall satisfy the State Port Officer of his having done so by producing receipts of such payment whenever required by the State Port Officer.

(5) The machanised sailing vessels or the newly constructed sailing vessel shall be maintained in good and efficient condition by the borrower at his own cost to the satisfaction of the Committee and he shall carry out any repairs as directed by the committee or the State Port Officer.

(6) The borrower shall not make or cause to be made any change in the registration of the vessel or vessels ar encumbrances of any sort, whatsoever the machanised sailing vessel covered by the loan without notice to and without the prior approval in writing of the State Port Officer.

18. **Hypothecation** .—The mechanised sailing vessel/vessels in respect of which loan is granted shall be hypothecated to Government till the entire loan is repaid.

19. **Registers** .—The State Port Officer shall maintain a register of loan in such forms as may be approved by the Government.

SCHEDULE I

Form of applications for loan undertake-Karnataka State Aid to Sailing Vessels Mechanisation Rules, 1973.

| | |
|---|---|
| 1. Full name of the applicant(s)with father's name) (the names of partners or board of directors in case the industrial concern in a Company and/or in Partnership or a Co-operative Society. | |
| 2. Place of residence. | |
| 3. Age, date of birth and place of birth. | |
| 4. General Educational qualifications. | |
| 5. Technical and business qualifications and practical experience. | |
| 6. The number of sailing vessels-vessel in respect of which the loan is appl ed for | |
| 7. The estimated cost of Mechanisation or construction including machanisation as the case may be. | |
| 8. The amount of loan required ... | |
| 9. Date before which the loan is required and the period for which the loan is required. | |
| 10. The Horse Power and other similar details of the machine proposed to be purchased specifying the cost. | |
| 11. The manner of repayment that is the amount of half yearly, yearly instalments proproposed to be fixed | |
| 12. If the sailing vessel (s) already operating If so, | |
| (a) Give operational details<br>(b) Also give details of sailing vessel (s) that is its cost, dimensions, port of registry, registration number and the year of construction, wherein the machine is proposed to be installed.<br>(c) Loans if taken from other sources.<br>(d) other financial encumbrances. | |

| | | |
|---|---|---|
| 13 | The details of collateral security proposed to be provided. | |
| 14. | Documentary evidence for obtaining Engine (s) | |

Place :

Date : Signature of Applicant.

## SCHEDULE II

This agreement made this.....day of the month of the year one thousand nine hundred .....between Shri..... ..... of... .....hereinafter referred to as the 'Borrower' (which expression, unless the contratct does not permit, include his heir, executors administrators and legal representatives) of the First Part and the Governor of Kanataka Sate hereinafter referred to as the Government (which expression, unless the context does not permit includes his successors in office and assigns) of the Second Part witnesseth as follows :

WHEREAS, a sum of Rs. .....is advanced to the BORROWER AS LOAN under the Karnataka Sate Aid to Sailing Vessels Mechanisation Rule 1969 issued by the Government of Karnataka.....of.....(hereinfter referred to as the Rules of the said Rules) for the mechanisation of existing sailing vessels and construction of new mechanised sailing vessels :

NOW the parties to this Agreement hereby agree to the following terms and conditions :

(1) The Borrower shall utilise the loan for mechanisation of existing sailing vessels or construction of new mechanised sailing vessels in accordance with design and drawing approved by the Director General of Shipping, Bombay.

(2) The loan shall bear simple interest at the rate of 7%/8% per annum from the date on which the loan amount is paid to the Borrower.

(3) The Borrower shall repay the above mentioned loan amount with interest by instalments as mentioned below :

(i)
(ii)
(iii)
(iv)

(4) The loan shall be advanced to the Borrower subject to the terms and conditions as laid down by the Rules and the terms and conditions of this agreement and they shall be considered as forming part thereof.

(5) The borrower shall not apply the amount of the said loan of any part thereof to any purpose other than that for which it is given. The amount of the loan shall be fully applied in mechanising a sailing vessel/vessels or construction of a new mechanised sailing vessel of approved design as contemplated in the rule The borrower shall satisfy the State Port Officer in such manner as may be required that the amount of the loan has been applied as aforesaid.

(6) The mechanical sailing vessel/vessels shall at all times be at the risk of borrower, who shall bear any loss arising from the Destruction or loss thereof or danger thereto, howsoever caused.

(7) In case of break of any of the terms and conditions of this agreement of rules, the whole amount of the loan remaining due from the borrower shall become immediately payable and shall be recovered as arrears of land revenue.

(8) In case the borrower fails to pay one or more instalments the whole amount of the loan remaining due shall be recoverable at once at the option of the Government and shall be recovered as arrears of land revenue by the State Port Officer.

(9) All sums due under this agreement shall be recovered as arrears of land revenue from the property or properties belonging to borrower on which he has a disposing power or in which he has any right, title or interest.

IN WITNESS WHEREOF, said Shri.....
and the State Port Officer.....Government

of Karnataka on behalf of the Governor have, hereto respectively signed at.....the day and the month and the year first above written.

Signature of Witness

Signature of Lender

Signature of borrower

(*See* Rule 15(2)

From of hypothecation for mechanisation of existing sailing vessels (ii) construction of new mechanised sailing vessels. The Indenture made this.....Day of .....19 between..... hereinafter called the Mortgage which expression, unless context, otherwise permits, includes his heirs, excutors administrators, and legal representatives of the first part and the Governor of Karnataka hereinafter referred to as the Government (which expression unless the context does not permit includes his successors in office and assigns of the Second Part:

WHEREAS, the Mortgagor has been granted an advance of Rs.....for mechanisation of existing sailing vessels or construction of new mechanised sailing vessels of approved modern scientific designs on the terms and conditions as laid down in the Karnataka State Aid to Sailing Vessels Mechanisation Rules, 1973 and the agreement thereunder.

AND WHEREAS, one of the conditions upon which the said advance was granted to the Mortgagor is that the mechanisation of new mechanised sailing vessels, shall remain hypothecated to the Government till the entire loan is paid up.

AND WHEREAS, the mortgagor has mechanised his existing sailing vessels or constructed new mechanised sailing vessels from the amount, so advanced.

AND WHEREAS, it is now agreed between the mortgagor and the mortgagee that the mortgagor shall hypothecate the said mechanised sailing vessel/vessels by way of security for the amount due to the mortgagee,

NOW THIS DEED WITNESSES AS FOLLOWS:—

I. For the consideration aforesaind the mortgagor hereby hypothecates and charges. All mechanised vessel/vessels of which he is the absolute owner to the interest that all such property shall remain and from security for the payment to the mortgage of the said principal money and interest.

II. The mortgagor hereby covenant with the mortgagee as follows:

(1) The said mechanised vessels/vessels is/are free from incumbrances (2) The mortgagor will at all times during the continuance of this security maintain and keep in good and working orcer and repair the said mechanised vessel/vessels.

(3) The mortgagor will at times during the continuanee of this security at his own expenses insure and keep insurance the mechanised vessel/vessel(s) with an insurance office to be elevated by the mortgage.

(4) During the continuance of this security the mortgagor will pay all premia and sums of money necessary for keeping such insurance of foot and deliver to the mortgages the receipt for every such payment within.....days after the same shall became due.

(5) If the mortgagor shall neglect or refuse to effect such insurance as aforesaid or to keep the same in foot by making such peyments as aforesaid or to deliver such receipt as aforesaid to the mortgages, it shall be lawful for the mortgagee to insure the said mechanised vessels and to pay all premia on such insurance.

(6) The mortgagor will on demand repay to the mortgagee all meneys expended by the mortgagee in or about such insurance as aforesaid and all other costs and expenses properly incurred by him and will pay interest at percent per annum upon any such sum until the same shall have been repaid the mortgagor to the mortgagee.

(7) In case of default either in payment of the aforesaid sum becoming payable or in payment of the principal money hereby secured with interest the mortgages shall have power without the intervention of any court to take possession of hypothecated mechanised vessel/vessels and to sell or concur in getting the same and to realise the amount due to mortgagee from such sale proceeds after defraying the necessary expenses. IN WITNESS WHEREOF the mortgagee has signed this deed, the day and year first above written.

Signed by the Mortgagor in the presence of.....

By Order and in the name of the Governor of Karnataka,

L. RAMACHANDRAIAH

*Under Secretary to Government,*

*Public Works and Electricity Department.*